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Agenda Item 2.2

Advisory Committee on
Competitive Municipal
Taxation Policy (ACCMTP)
March 25, 1999

**REALTY TAX
COMPARISON STUDY
EXECUTIVE SUMMARY**

COLLIERS
INTERNATIONAL





REALTY TAX COMPARISON STUDY EXECUTIVE SUMMARY

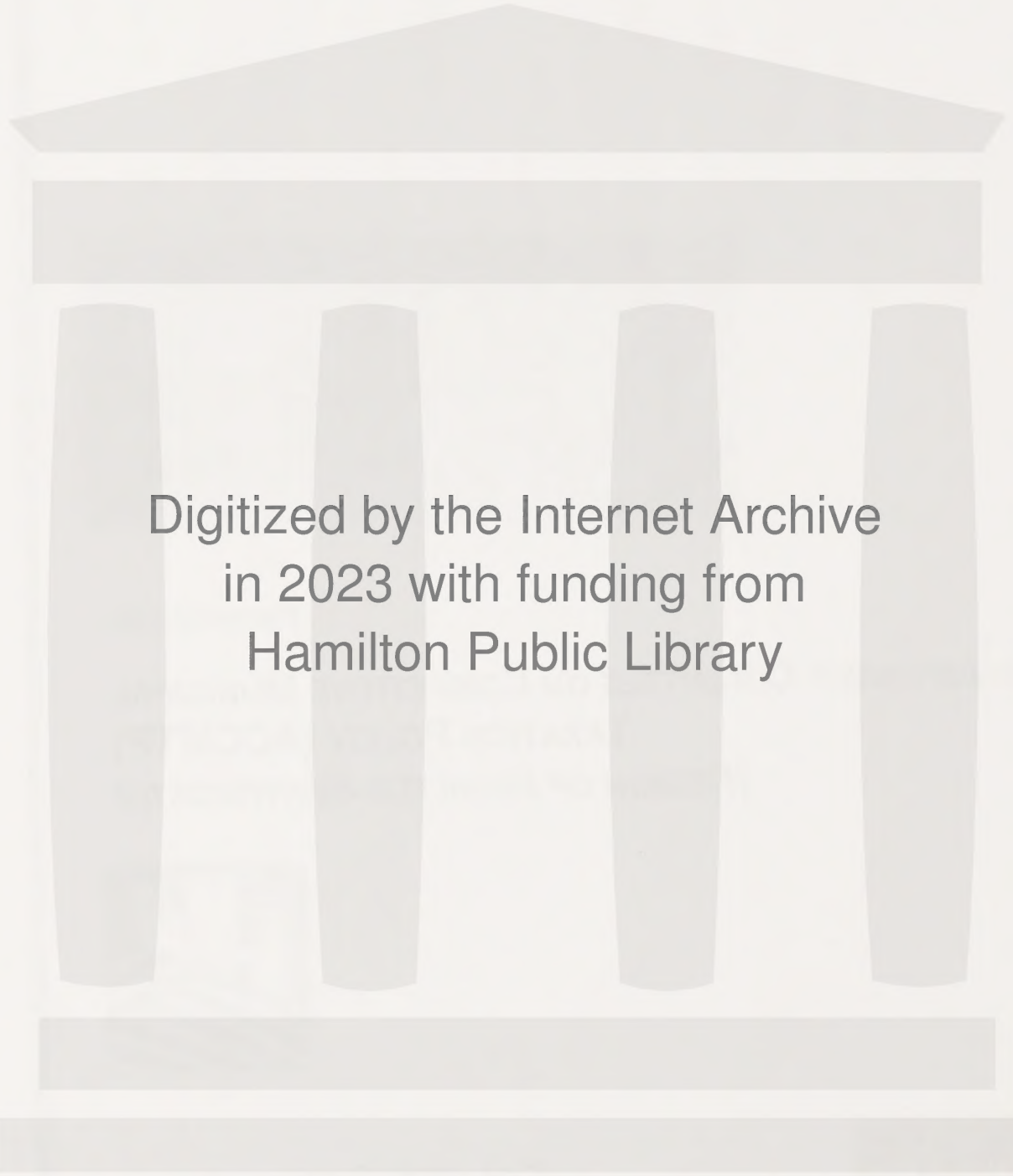
PREPARED FOR

**THE ADVISORY COMMITTEE ON COMPETITIVE MUNICIPAL
TAXATION POLICY (ACCMTP)
(REGION OF HAMILTON-WENTWORTH)**



**COLLIERS INTERNATIONAL
REALTY ADVISORS INC.**

March 1999



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COMPARATIVE TAX STUDY

EXECUTIVE SUMMARY

I. CONCLUSIONS

The objective of the analysis was to determine the relative tax burden on Hamilton Wentworth properties in comparison to other municipalities across a number of property types. The analysis undertaken made every attempt to hold constant those factors deemed to be most critical in determining a property's assessed value. However, given the number of factors used to calculate the assessed value for each property and the inability to quantify each of these factors, the results should be used to provide the reader with overall trends rather than exact differences in relative tax burdens between the municipalities.

Our investigation revealed that the taxation levels for most classes of property in the region of Hamilton-Wentworth either exceed, or are generally in the higher range in comparison to the other municipalities included in our study, with few exceptions.

- Of the property types deemed to be comparable (see note), The City of Hamilton ranked in the top half (highest relative tax burden) 15 out of 16 times and in the top quartile 9 out of 16 times.
- The properties that ranked well above the median included Neighbourhood Shopping Centre, Regional Shopping Centre, Budget Hotel, Industrial Single Purpose, Industrial Standard, Office Building A and C, and Vacant Commercial Land.
- The tax burden on multi-residential properties was more favourable in Hamilton-Wentworth than other property types compared.

Note:

It is recommended that properties in classes 1, 7, and 8 – Inner-city retail, variety store and converted residence, respectively; should not be included in the analysis due to the wide array of design and age structures, site zoning and locations. Any attempt at a credible comparison study would require much more stringent parameters in the selection process. Given the limited time available and other restraints, these classes should be eliminated from the findings.

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II

III

II. SCOPE OF WORK

Based on our initial proposal of November 1998, Colliers International Realty Advisors Inc. received instructions to proceed in undertaking a comprehensive tax study that would assist Hamilton-Wentworth in determining their property tax burden relative to other municipalities.

The basis of our assignment was to identify some fifteen municipalities in addition to those within the Region of Hamilton-Wentworth, within the province of Ontario. Within each municipality selected, nineteen individual property classes were chosen for the purposes of comparing their respective taxable positions. The process of selecting municipalities and property classes for inclusion in this study was a cooperative effort between representatives of the Region of Hamilton-Wentworth and Colliers.

To complete this mandate, Colliers investigated and analyzed approximately 300 properties in the following municipalities.

1. *Ancaster*
2. Brantford
3. Burlington
4. Cambridge
5. *Dundas*
6. *Flamborough*
7. *Glanbrook*
8. Guelph
9. *Hamilton*
10. Kitchener
11. London
12. Mississauga
13. Niagara Falls
14. Oakville
15. Oshawa
16. Ottawa
17. St. Catharines
18. *Stoney Creek*
19. Toronto
20. Windsor



Within each municipality, we proceeded to review the 1997 assessments returned, and the 1998 assessments returned relative to each property type. A summary of each of the property classes selected for comparison is as follows:

- Class 1 **Inner City Retail**
- 1-storey, mid-block, downtown location
 - due to the limited building value, comparison to be completed on a tax per front foot basis
- Class 2 **Downtown Retail Centre**
- large multi-unit retail centre located in downtown core
 - designed originally to attract consumers downtown
 - comparison on a tax per square foot of gross leasable area basis
- Class 3 **Neighbourhood Shopping Centre**
- open concept multi-unit retail centre, with or without an anchor store
 - usually located on major thoroughfare with complementary commercial uses
 - comparison on a tax per square foot of gross leasable area basis
- Class 4 **Regional Shopping Centre**
- indoor multi-unit shopping centres with one or more anchor stores
 - usually located on periphery of subject municipality
 - comparison on a tax per square foot of gross leasable area basis
- Class 5 **Budget Hotel**
- typically newer construction, 80-100 rooms, franchised
 - usually located in close proximity to major highways
 - comparison on a tax per room basis
- Class 6 **Full Service Hotel**
- typically over 100 rooms, franchised
 - located in downtown core
 - comparison on tax per room basis
- Class 7 **Variety Store**
- freestanding, 1 or 2 storey structures
 - due to the nature of the class, locations varied from municipality to municipality
 - comparison on a tax per front foot basis

Class 8

Converted Residence

- freestanding former single family residences
- location varied from residential neighbourhoods to main commercial thoroughfares
- comparison on a tax per front foot basis

Class 9

Industrial Single Purpose

- characterized by inflexible design for alternative uses
- size may vary from sample to sample
- typically located in older industrial neighbourhoods
- comparison on a tax per square foot of building basis

Class 10

Industrial Standard

- characterized by newer construction and flexible design
- usually located on periphery of subject municipality
- comparison on a tax per square foot of building basis

Class 11

Industrial Multi-unit

- purpose built multi-unit design
- usually located on periphery of subject municipality
- comparison on a tax per square foot of gross leasable area basis

Class 12

Medical Centre

- purpose built structures, with minimal fenestration and ample onsite parking
- usually located along main thoroughfares
- comparison on a tax per square foot of building basis

Class 13

Multi-residential Walk-up

- typically older construction, without elevators
- downtown location
- comparison on a tax per suite basis

Class 14

Multi-residential High-rise

- typically newer construction, over 100 units
- peripheral location
- comparison on a tax per suite basis

Class 15

Office Building Class “A”

- newer curtain wall construction, underground parking
- downtown location
- comparison on a tax per square foot of gross leasable area basis

Class 16

Office Building Class “B”

- older construction, may contain underground parking
- downtown location
- comparison on a tax per square foot of gross leasable area basis

Class 17

Office Class “C”

- small older purpose built office structures, small floor plates
- downtown location
- comparison on a tax per square foot of gross leasable area basis

Class 18

Vacant Land Commercial

- downtown location
- comparison on a tax per square foot basis

Class 19

Vacant Land Industrial

- large sites suitable for industrial uses
- comparison on a tax per acre basis

In order to complete this analysis, each property that was selected was inspected (external inspections only), photographed, and summary descriptions were completed. The assessment rolls were reviewed as returned January 1, 1997, and January 1, 1998. Tax calculations were determined by relying on the assessment returned to the appropriate 1997 mill rates and 1998 tax rates for each property. The total 1997 realty and business tax liability, and the total 1998 realty tax liability for each property has been analyzed and compared to other similar real properties in the same class for each of the selected municipalities.

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III. KEY ASSUMPTIONS

In order to complete our mandate in a timely manner, certain basic assumptions were identified;

1. All information shown on our assessment database, including, but not limited to, roll numbers, municipal addresses, site areas, site frontages, tax classifications, property codes and valuations were considered to be correct as returned for each of the 1997 and 1998 taxation years.
2. All 1997 mill rates and 1998 tax rates as received from the subject municipalities were considered to be correct.
3. All square foot areas and gross leasable areas as gathered from our research or from the Ontario Property Assessment Corporation Request were considered to be correct.
4. The analysis of properties included in this study is based on the assessment information returned by the Regional Assessment Commissioner for January 1, 1997, and January 1, 1998.
5. There has been no consideration given to any or all adjustments that have or may be made as a result of a successful appeal or negotiation pursuant to the regulations of the Assessment Review Board, or the Ontario Municipal Board.
6. We have not taken into account any properties that have undergone alterations or part demolition following the return of the roll for each of the taxation years 1997 or 1998.
7. Inspections of the individual properties have considered only the exterior characteristics and have not taken into consideration the interior makeup or allocation, occupancy or use.
8. Based on instructions received, we have not taken into consideration the effect of phase-ins or capping of the individual taxes within any of the selected municipalities in order to avoid any distortion of the analysis.

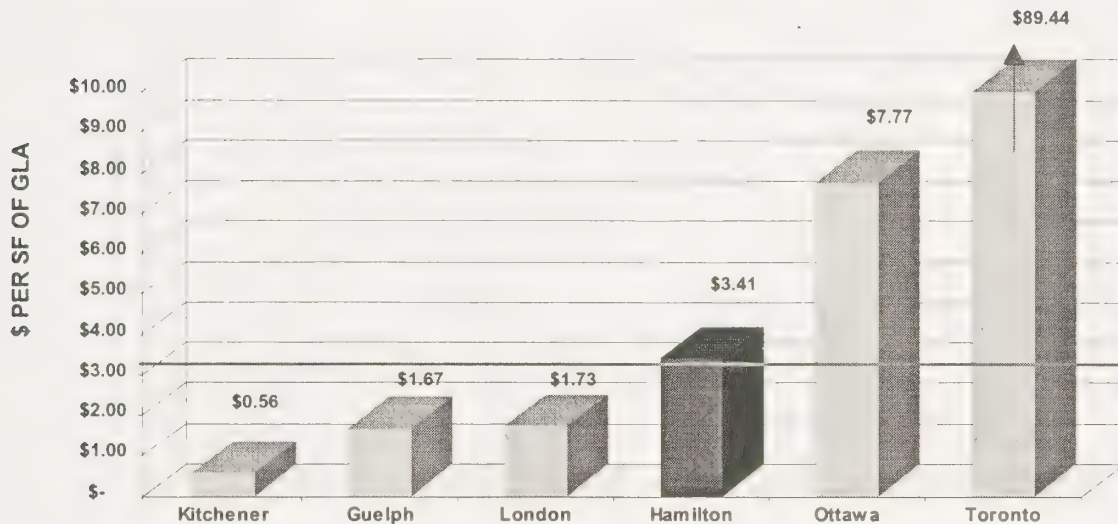
A

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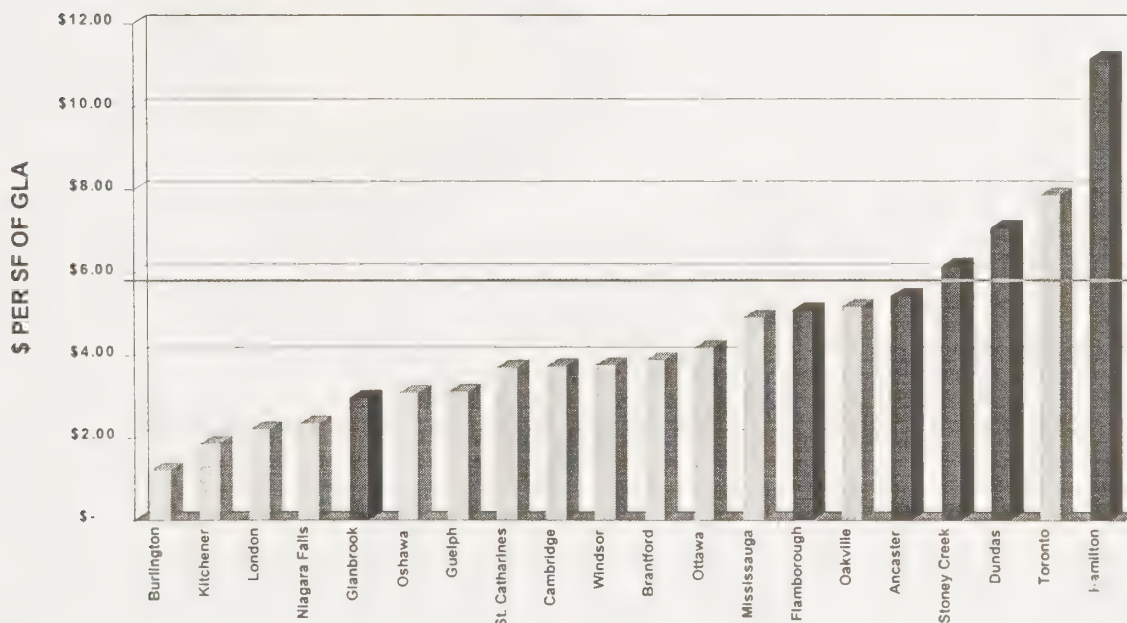
APPENDIX “A”

COMPARATIVE TAX BURDEN BY PROPERTY CLASS

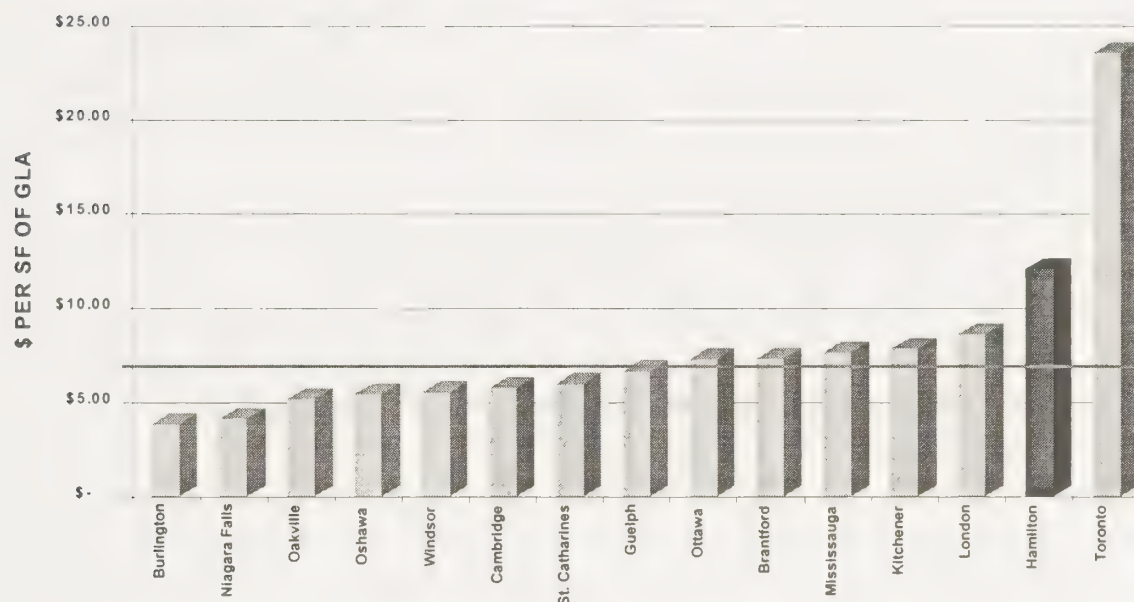
Class 2: Downtown Retail Centre



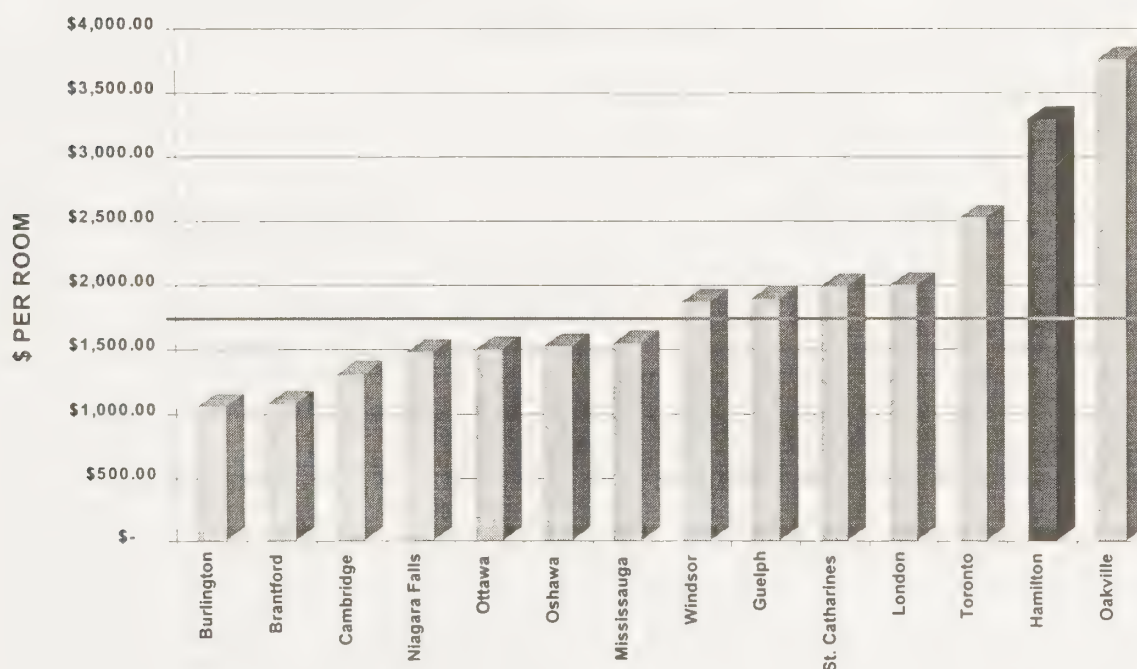
Class 3: Neighbourhood Shopping Centre



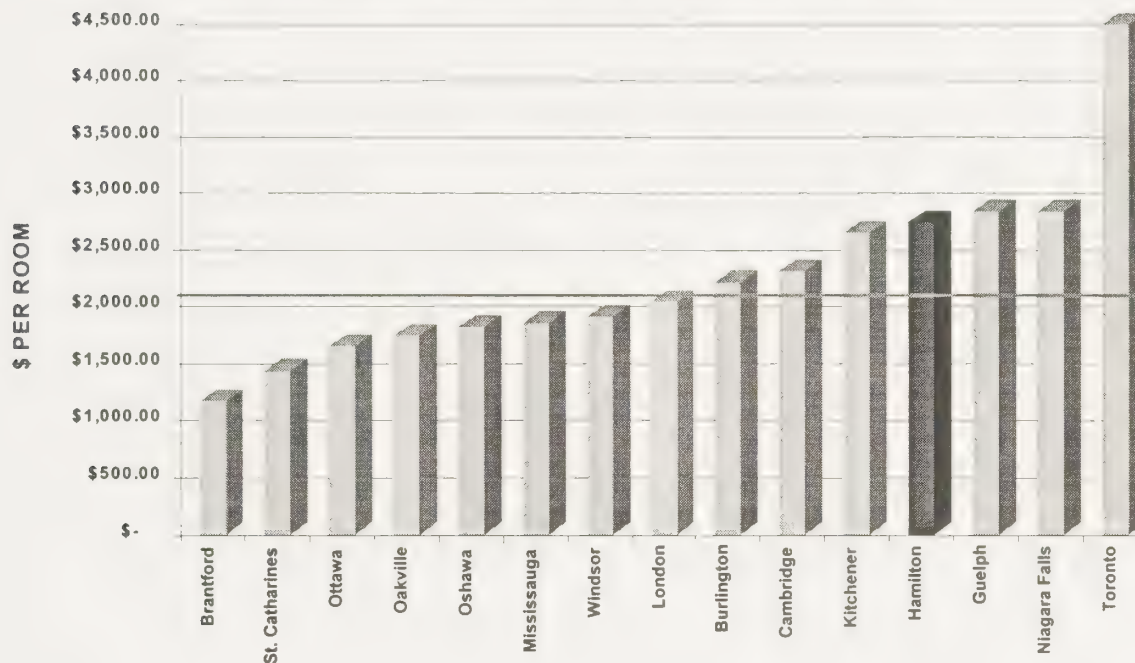
Class 4: Regional Shopping Centre



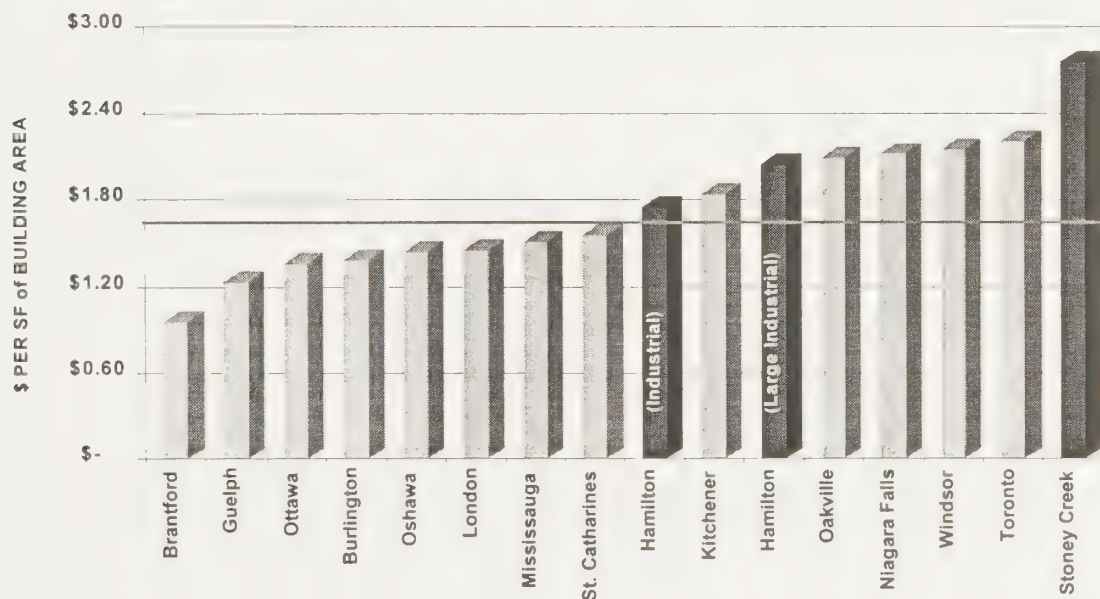
Class 5: Budget Hotel



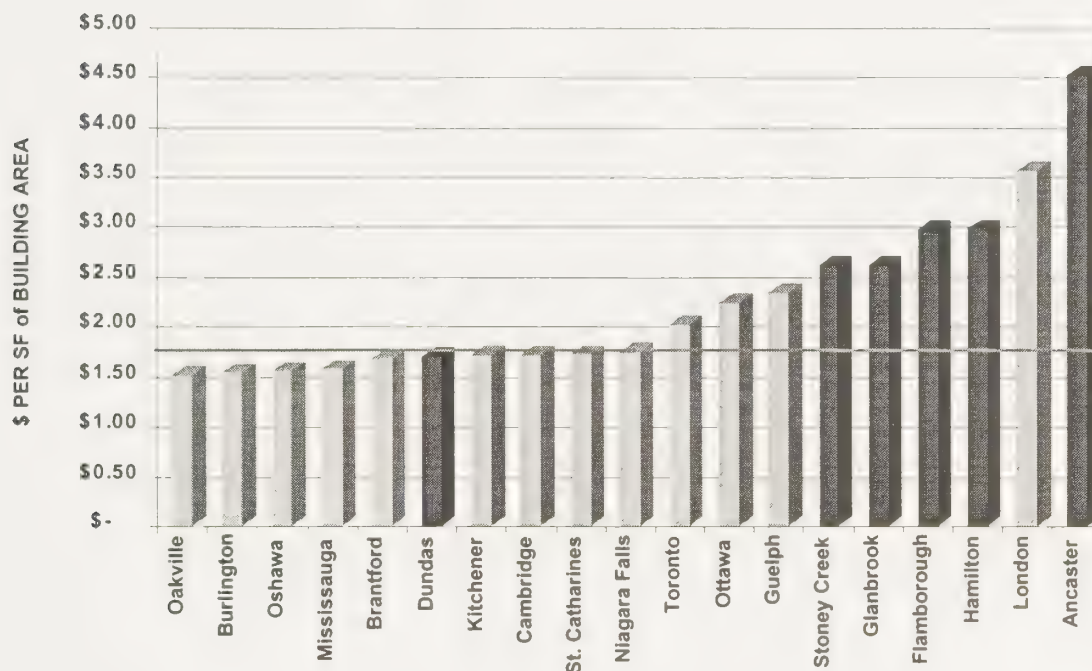
Class 6: Full-Service Hotel



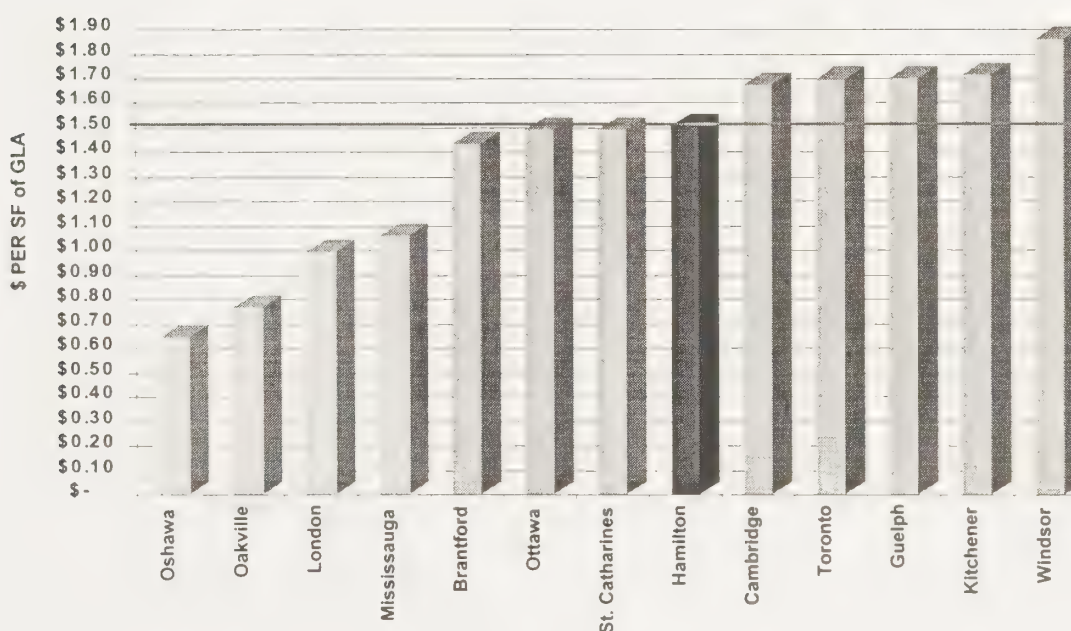
Class 9: Industrial - Single Purpose



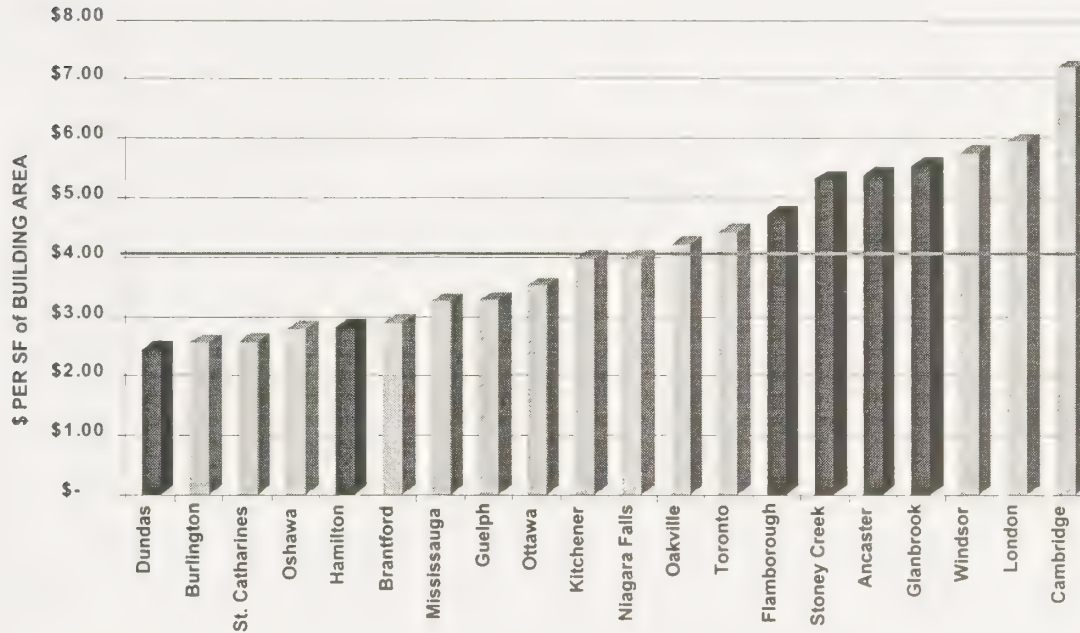
Class 10: Industrial - Standard



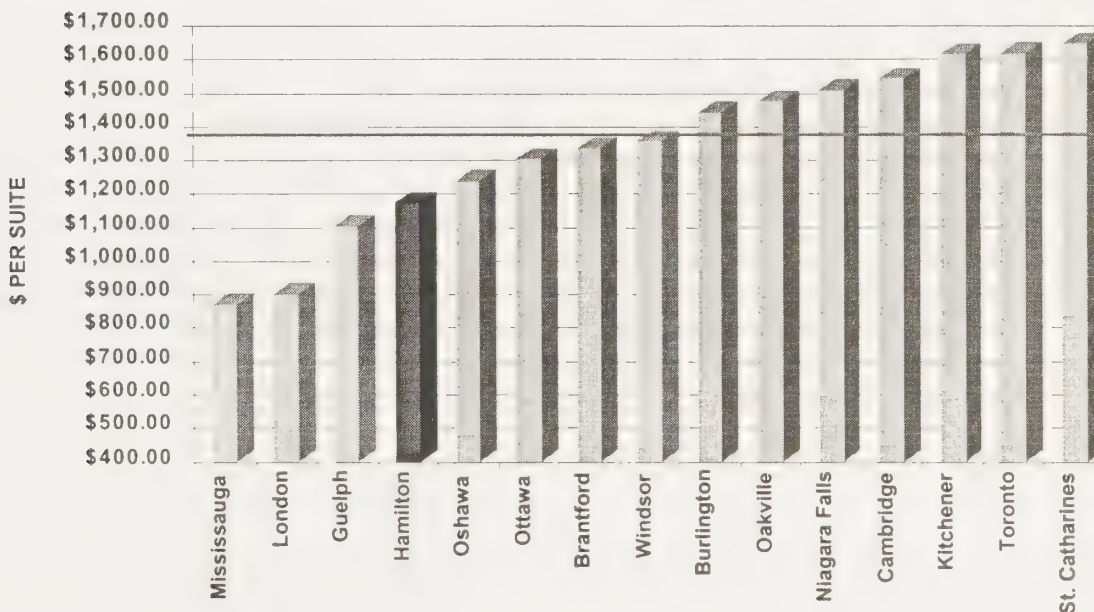
Class 11: Industrial - Multi-Unit



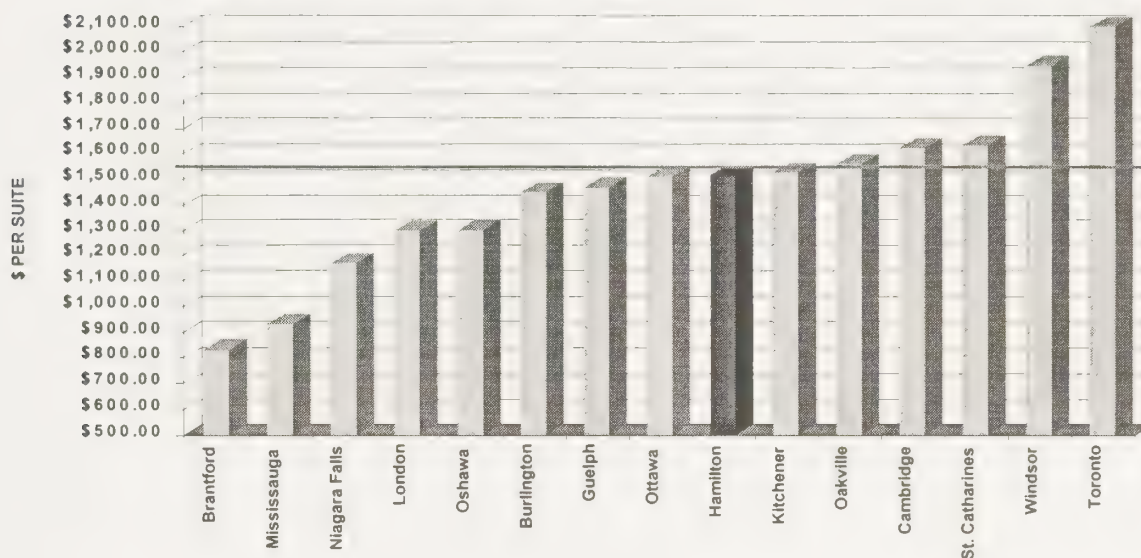
Class 12: Medical Centre



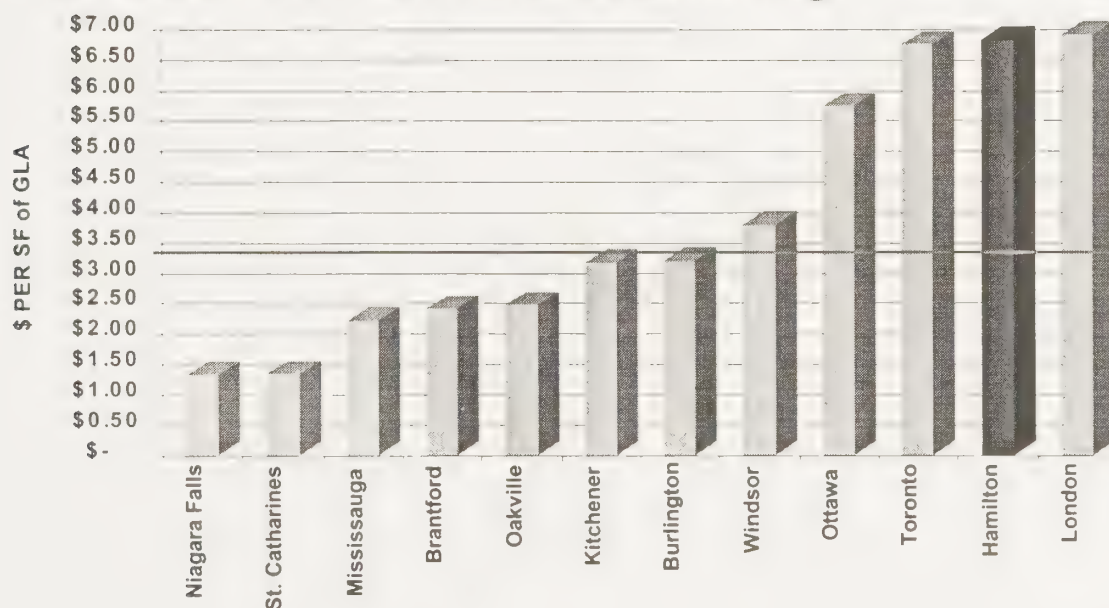
Class 13: Multi-Residential - Inner-City Walk-Up



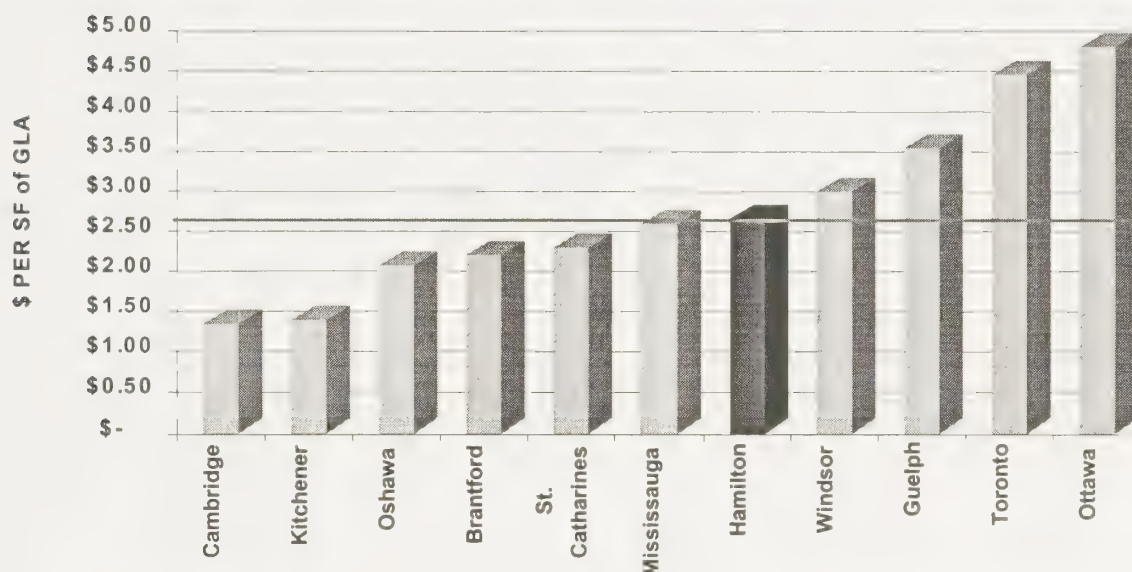
Class 14: Multi-Residential Highrise Building



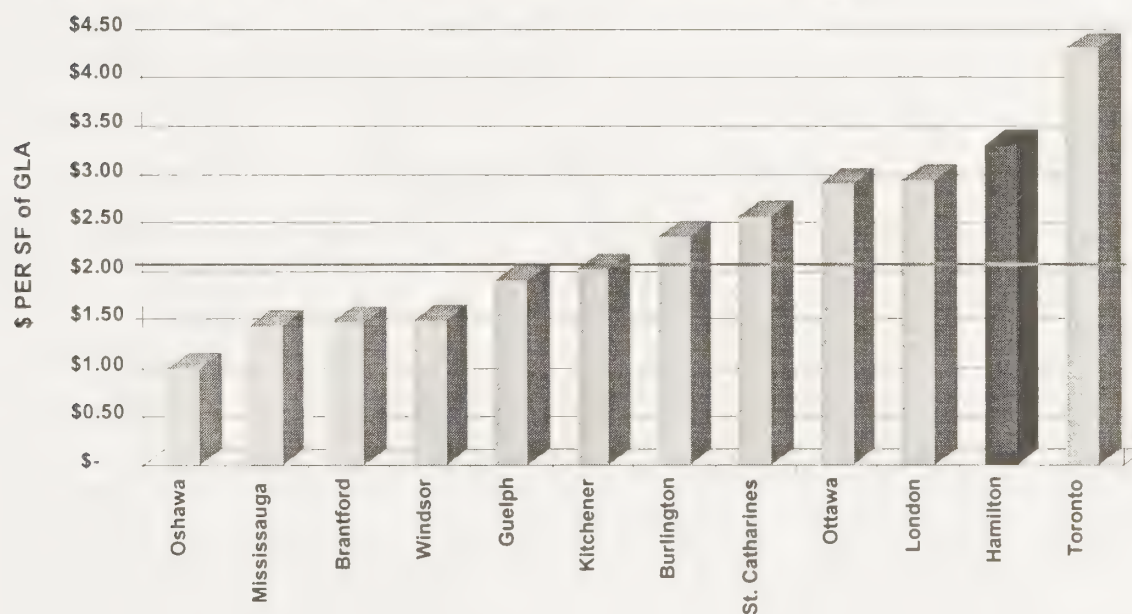
Class 15: Class "A" Office Building



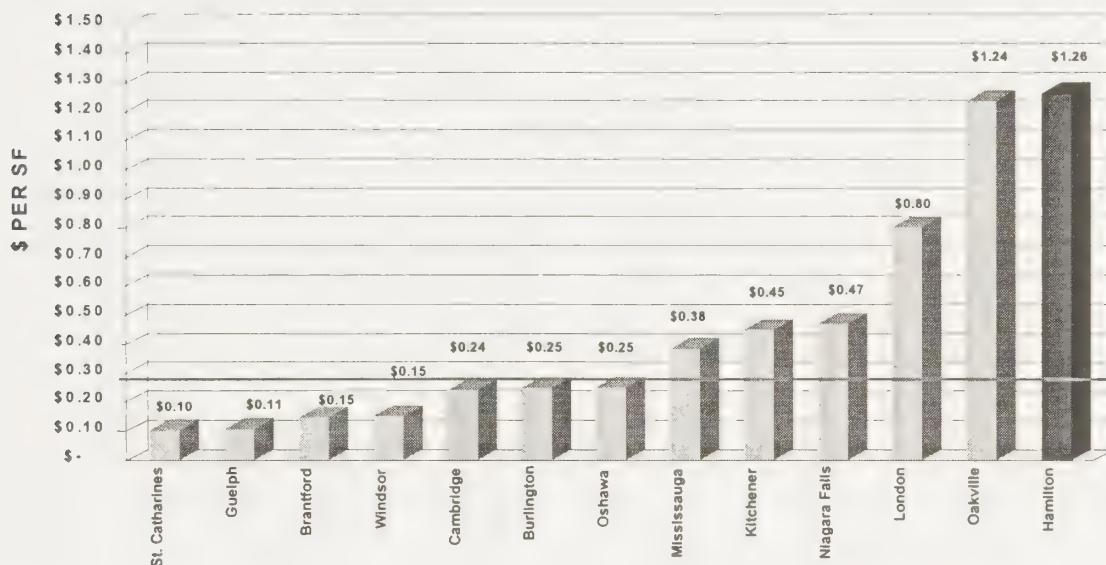
Class 16: Class "B" Office Building



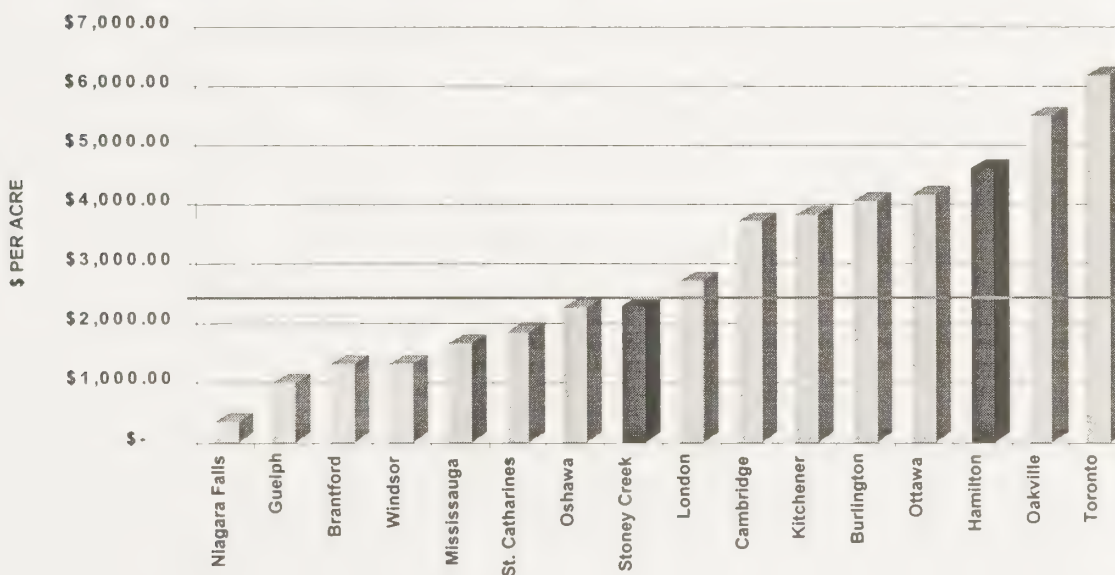
Class 17: Class "C" Office Building



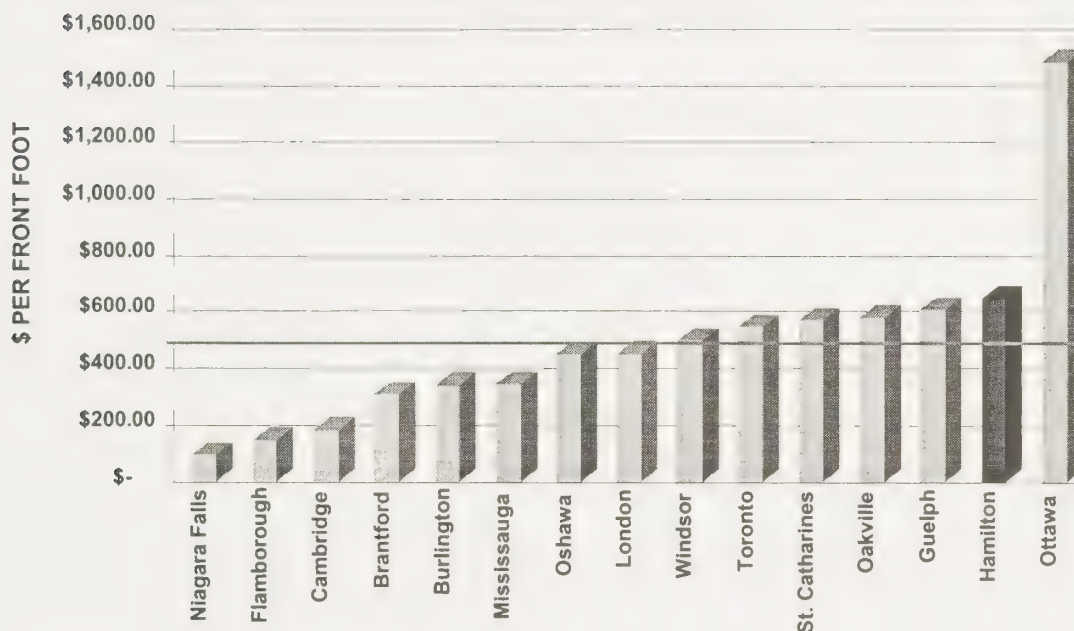
Class 18: Vacant Commercial Land



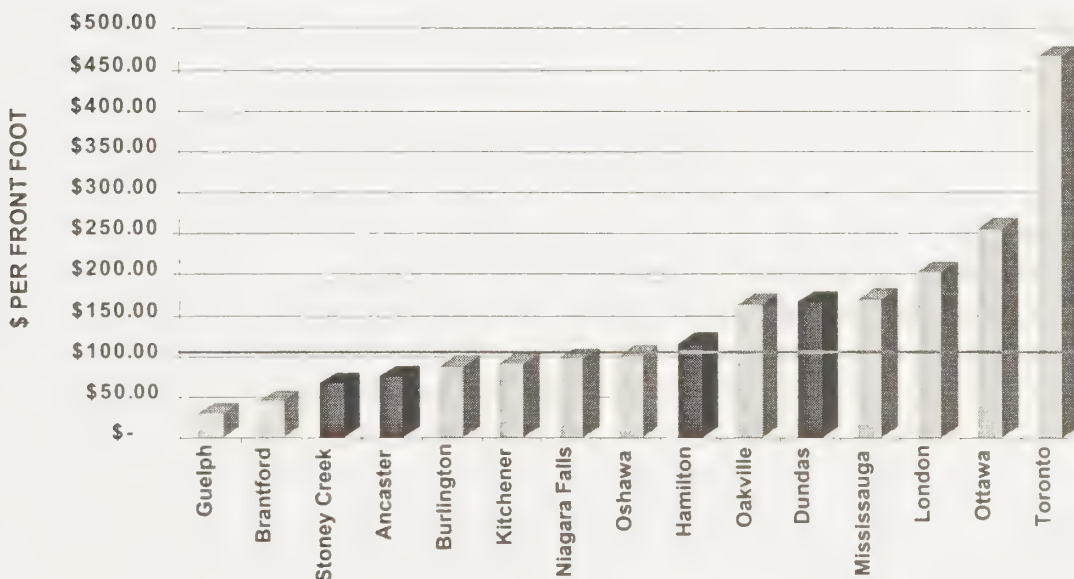
Class 19: Vacant Industrial Land



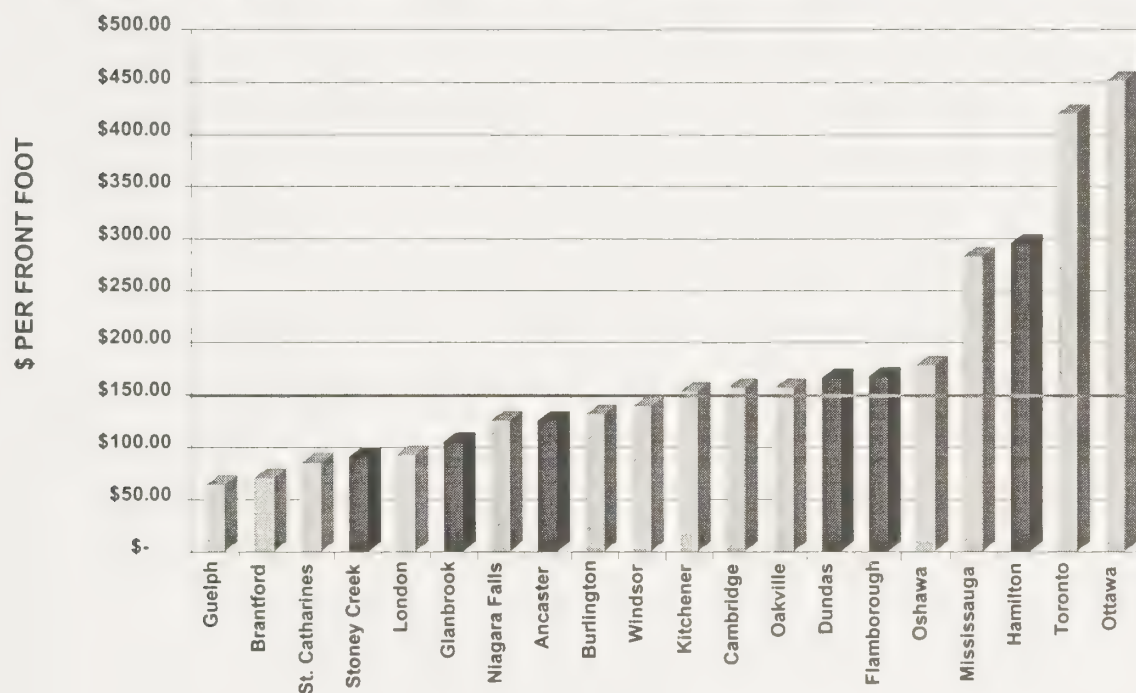
Class 1: Inner-City Retail



Class 7: Small Business - Variety Store



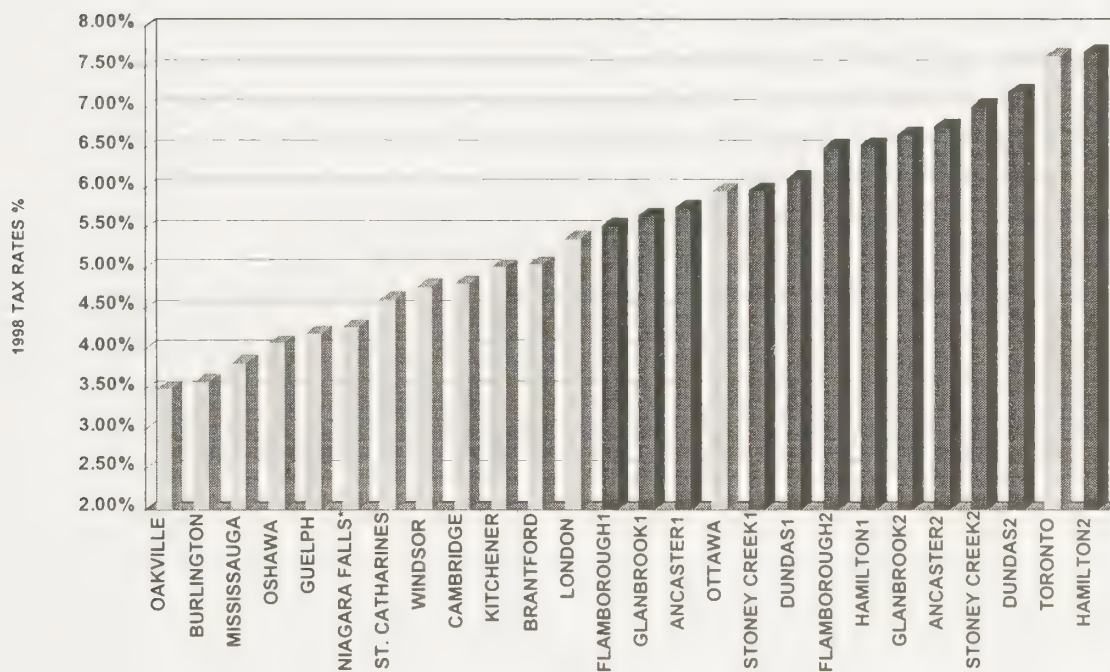
Class 8: Small Business - Converted Residence



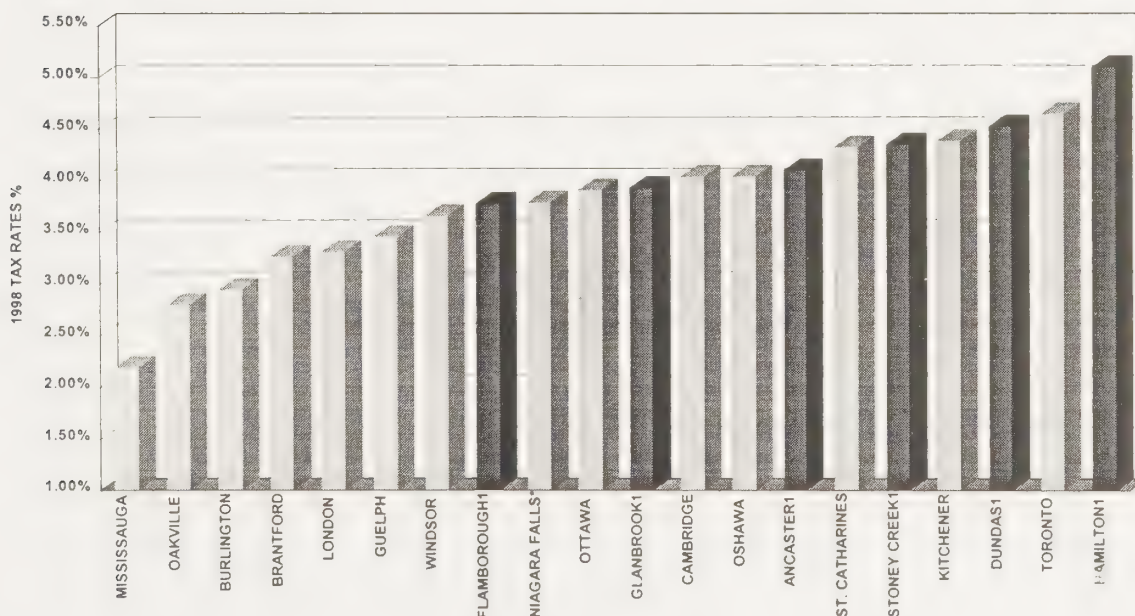
APPENDIX “B”

TAX RATES BY PROPERTY CLASS

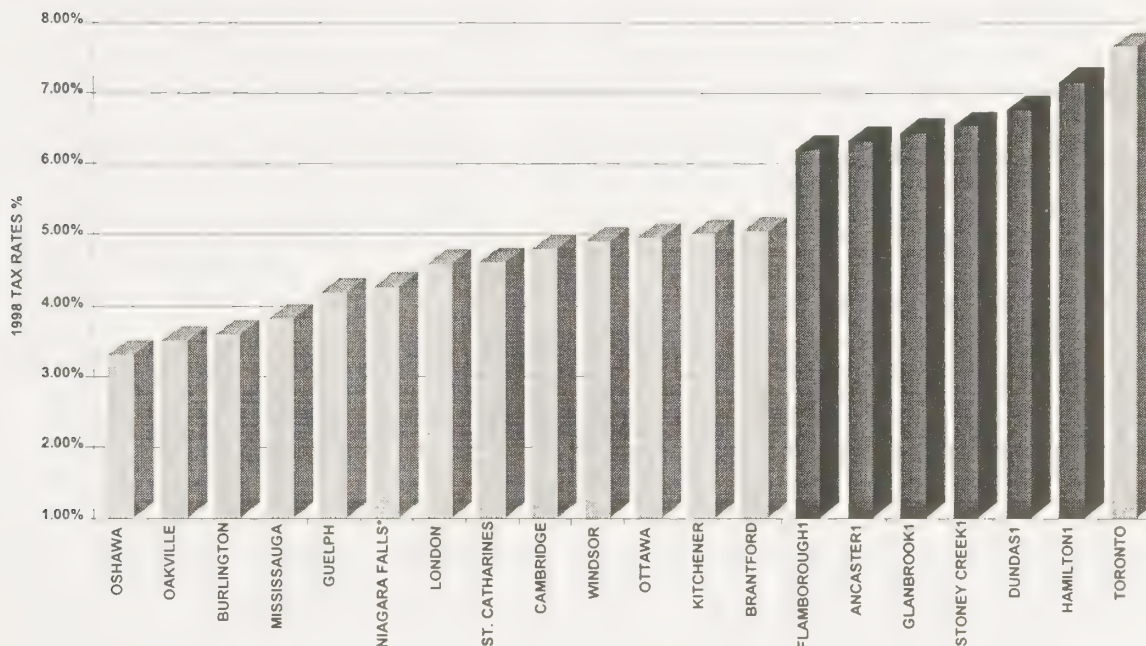
Commercial Full (CT)



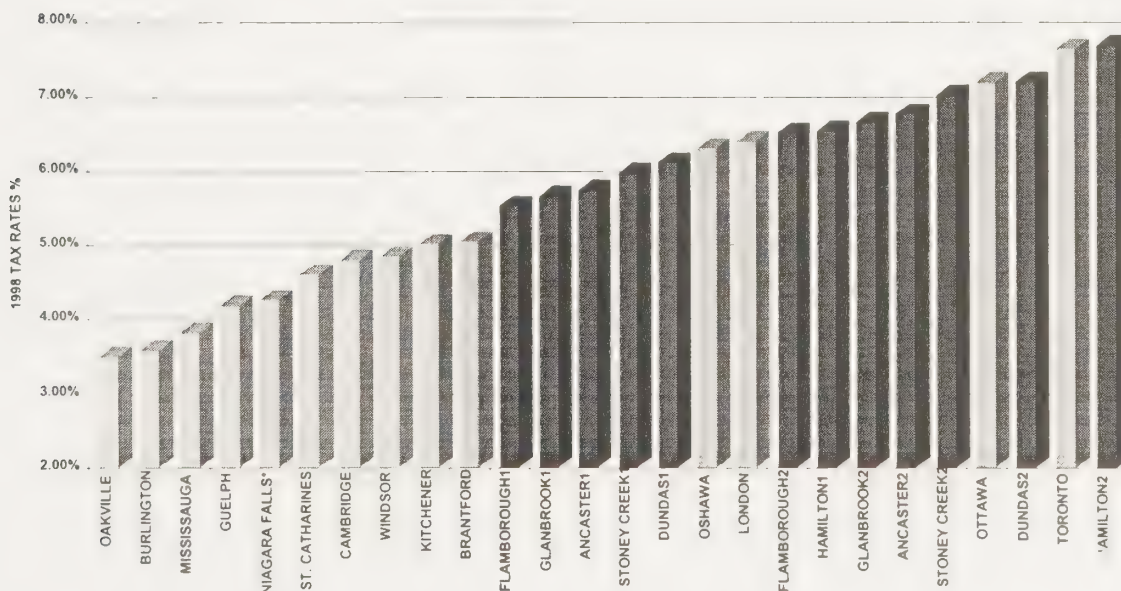
Multi-Residential Full (MT)



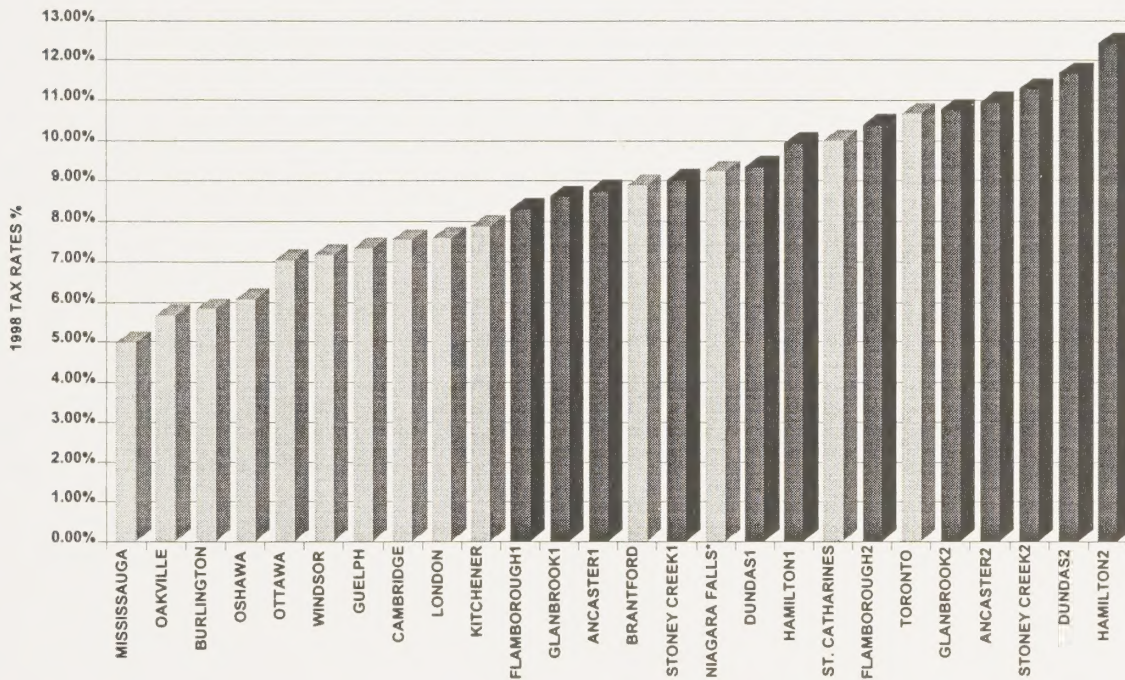
Shopping Centre Full (ST)



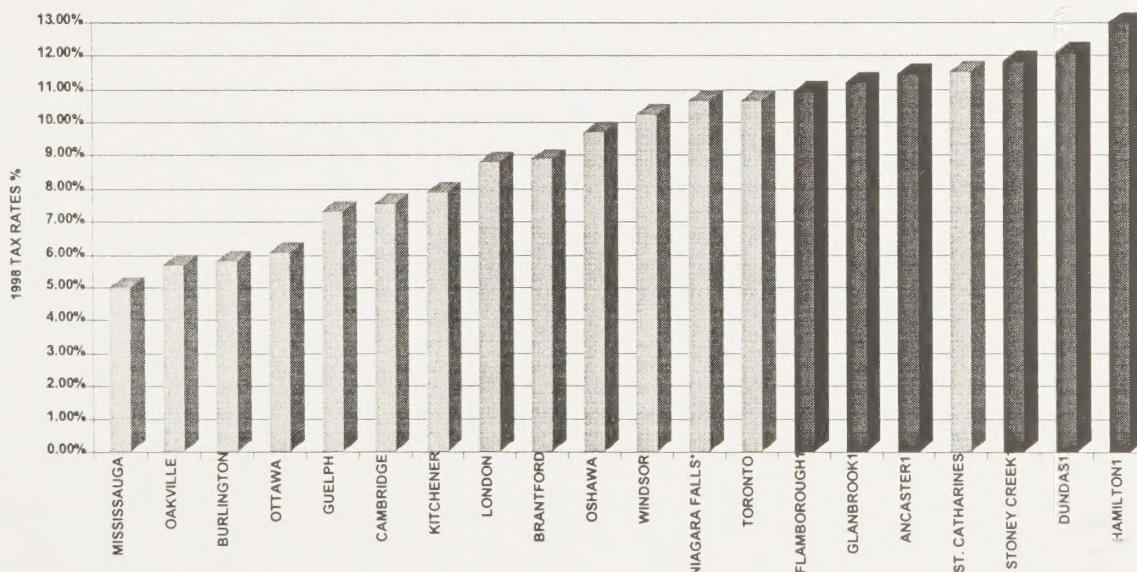
Office Building Full (DT)



Industrial Full (IT)



Large Industrial Full (LT)





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